DOCUMENT RESUME

ED 392 134 EA 027 360

AUTHOR Yamashiro, Kyo; Carlos, Lisa
TITLE More on Charter Schools.
INSTITUTION WestEd, San Francisco, CA.
SPONS AGENCY Office of Educational Research and Improvement (ED), Washington, DC.
PUB DATE 96
CONTRACT 400-86-0009
NOTE 5p.
AVAILABLE FROM WestEd, 730 Harrison Street, San Francisco, CA 94107-1242.
PUB TYPE Information Analyses (070) -- Collected Works - Serials (022)
JOURNAL CIT Issues at a Glance...; 1996

EDRS PRICE MF01/PC01 Plus Postage.
DESCRIPTORS Access to Education; Accountability; *Charter Schools; Educational Assessment; Educational Finance; Educational Innovation; Eligibility; Equal Education; Free Enterprise System; *Nontraditional Education; *Private Schools; Public Education; *State Legislation

ABSTRACT

By the end of 1995, 19 states had passed charter-school legislation and at least 16 others had considered similar legislation. This document summarizes the issues surrounding charter schools and the implications of recent research about the charter-school movement's failure. The document defines charter schools and their organization, describes reasons for their popularity, and highlights the status of charter schools in the western United States. Research findings in the following areas are summarized: evaluation and accountability, funding, innovation, approval and appeal processes, and at-risk students and equity. At issue is not just the success of a handful of schools, but an entire school of thought about which particular forces sustain systemwide transformation in public education. A list of charter-school contacts in 17 states is included. (Contains 23 endnotes.) (LMI)

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WestEd
1996

ISSUES AT A GLANCE . . .

More on Charter Schools

Kyo Yamashiro and Lisa Carlos

The charter school movement is one of the fastest growing education reforms of the Nineties. In 1992, only two states, California and Minnesota, had passed charter school legislation. By the end of 1995, 19 states had charter school laws in place and at least 16 others had considered similar legislation.[1] At the federal level, Congress passed legislation in 1994 authorizing grants to support states' charter school efforts.[2]

Despite such popular interest, fewer than 250 charter schools are currently operating nationwide. Whether this small but growing number of schools will lead to greater innovation and influence the systemwide transformation of public education remains to be seen. Below is a summary of the issues surrounding charter schools and the implications of recent research about the future of this movement.

What is a charter school?

Charter schools are essentially deregulated public schools. Freed of many rules and regulations, charter schools provide those closest to the classroom with the flexibility to use public funds innovatively. In some states, charter schools receive automatic exemptions from most state codes and district policies regarding curriculum, instruction, budget, and personnel. In others, schools may apply to waive requirements on a rule-by-rule basis.[3] In return, charter schools are required to show results — for example, by participating in state-mandated testing programs, mastering statewide curriculum frameworks, and/or otherwise demonstrating attainment of goals specified in their charters.

Charter schools are created through a formal, written agreement between a group of individuals or organizations and a sponsoring agency (e.g., a local school board or an independent governing board). Depending on the authorizing state legislation, a charter school may be initiated by teachers (certified or noncertified), parents, an existing public school, private school, nonprofit agencies and/or for-profit firms.[4] Charter schools receive state funding based on student enrollment (e.g., a formula based on average daily attendance), although the actual amount allocated to each charter school may vary due to negotiations with, and administrative costs charged by, local school districts or other sponsoring agencies.

Some states have begun to expand the charter concept to whole districts. In California, for example, the State Superintendent of Public Instruction has proposed granting deregulated, "challenge district" status to districts that agree to meet specific accountability requirements. In Texas, the legislature also approved "home rule" district programs in 1995, which would exempt districts from most state laws if local residents design and approve — by vote — an educational plan for their community.

Why are charter schools gaining popularity?

Prior reforms have largely attempted to improve education through top-down mandates that dictate how schools should be run and how students should be served. Charter schools, by contrast, are performance-based: Each school is free to choose its own approach as long as it attracts enough students to fund school operations, is fiscally well-managed, abides by applicable laws, and meets educational goals as outlined in its charter. If these conditions are not met, a charter can be revoked by the sponsoring agency.[5]

Advocates argue that charter schools expand educational choices, especially for parents and students whose needs may not be met by traditional public schools. More choices, in theory, should lead to increased competition, forcing schools to either compete with successful models or shut down — thereby promoting systemwide reform. Among free-market approaches, charter schools are considered more politically-palatable than private school vouchers since they remain public entities that are subject to the oversight of government and various interest groups.

What is the status of charter schools in the WestEd region?

In the WestEd region, California and Arizona have active charter legislation. The charter schools in these states constitute nearly two-thirds of the nation's total. Utah officials are considering charter school legislation, and Nevada is expected to propose charter school bills in its next legislative session.

California has reached its 100-charter limit, and efforts are underway to lift this cap, either by State Board or legislative action. Charter proponents believe that the number of charter schools relative to all public schools is still too small to make a difference. Detractors, however, question the wisdom of expanding the number of charters without first determining their impact on students and other schools.

Unlike California, where charter applications are initially submitted to a local school board for approval,[6] Arizona allows approval through three different routes. Each year, 25 charters can be approved by the Arizona State Board of Education, another 25 by an independent State Charter School Board and an unlimited number by districts. In just one year since enactment in 1994, 21 charter schools were approved by the State Board of Education, 25 by the State Charter School Board, and five by local

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school districts. At the end of 1995, Arizona received 67 applications for the following year. While some argue that Arizona's rapid rate of approval is a result of its "strong" pro-charter legislation, others worry that the state is launching too many charters, too soon, with too many legislative loopholes.[7]

What does the research say?

Much of the early research on charter schools focuses on the charter concept and whether the construction of state legislation authorizing charters was "weak" or "strong."[8] A new wave of research, including WestEd's own observations, examines how these charter laws are being implemented.

As charter schools exercise their new freedom, they are encountering unexpected complications arising from ambiguities in fiscal, religious, accountability and other provisions of charter laws.[9] For example, the Internal Revenue Service, state retirement systems, regional purchasing cooperatives, state departments of education and unions are unclear about how to legally classify charter schools and their employees.[10] At the heart of the confusion is a lack of consensus over what charter schools can and cannot do.[11] Numerous questions remain unanswered, especially in the following areas.

Evaluation and Accountability. Some say it is still too soon to evaluate the success of the charter school movement. But others, including most government officials, agree that an interim accountability system should be in place to monitor both progress toward outcomes promised in charters and compliance with authorizing legislation. The purpose of such a system would be to protect students and ensure that taxpayer dollars are not misused.

In California, charter schools may be subject to another set of requirements added during the approval process with the local sponsoring agency.[12] While some view these additional requirements as necessary safeguards, others view them as an encroachment on charter school autonomy. Advocates worry that as problems are uncovered during the monitoring process, the various levels of government will respond by increasing regulation, thus defeating the philosophy behind having a charter.

Charter schools should primarily be monitored and evaluated on outcomes agreed to in their charters, say supporters. Doing so, however, is more complicated than it seems. Individual charter outcomes vary in their content, degree of specificity and how they are measured. The challenge lies in balancing schools' flexibility in defining what they aim to accomplish with public education's responsibility to assure that charters meet expectations the community holds for all schools.

Collecting standardized data on charter schools is made more difficult by the fluctuating status of statewide testing programs. In California and Arizona, charter schools are mandated to participate in statewide assessments. Yet, those assessments have subsequently been withdrawn and are under revision, leaving evaluators without baseline and aggregate data by which to track the relative performance of students and schools.

Ideology is also an issue. Some charter advocates believe that established evaluators and their methodologies are inextricably tied to traditional beliefs about education and how schools should operate. This lack of objectivity, they say, could ostensibly color studies of charter schools, such as a recently-awarded federal contract to conduct a national evaluation of charter schools.[13] Others point out that bias can cut both ways. Advocates are equally inclined to put a positive slant on any charter school study.

Funding. Although most legislation entitles charter schools to full funding based on student enrollment, negotiations with the sponsoring agency during the approval process and state interpretations of school finance formulas often determine the amount charter schools actually receive.[14] For example, in California, some districts withhold funds to cover costs associated with administering employee payroll or leasing school facilities.

Whether charters are a no-cost reform, i.e., one not requiring additional appropriation of funds by the legislature, has become a point of contention. States are finding that start-up funds may be a necessary catalyst for such a new reform. Research in California demonstrates that those interested in organizing a charter school need resources to supply information to the community, to strategically design innovations, and to navigate complex charter agreements with districts.[15] Arizona's charter schools claim they have cash flow problems, due to the lack of adequate start-up funds and banks' unwillingness to risk approving charter school loans. At the same time, state and local educational agencies are expending enormous amounts of time and resources as they struggle to answer many of the day-to-day questions that arise over charter schools, since charters do not fit the mold that most public school policies address.

Charter school *eligibility* for public funds (e.g., state capital funds, revenue from local bonds or tax measures, and federal categorical funds) is one other area where clarity is needed. Supporters in Arizona — and elsewhere — say charter schools need capital assistance to meet federal, state and local building and safety codes.[16] Although some charter schools are eligible to receive federal funds, most of those funds are allocated on a district basis (e.g., Title 1 and drug and substance abuse funds). In fact, many of the fiscal questions surrounding charter schools arise because the school finance structure in most states is designed to fund districts, not individual schools.

Open enrollment policies cause additional concerns. In some cases, charter schools can draw students — and funds — from neighboring districts and even states. An Arizona newspaper reported that a charter application was submitted by a California-based organization that would home-school Arizona students over the Internet.[17] Under such circumstances, whose taxpayer dollars should fund the education of students who cross state or district boundaries?

Others are concerned about the financial implications of private schools converting to charter schools. Opponents argue that allowing private schools to convert to charter school status will allow parents who have previously placed their children in private schools to now have the state pay for their tuition — much like a voucher program. They also worry that, despite prohibitions against sectarian charter schools, some converted private schools maintain a religious inclination.[18]

Innovation. A basic premise of the charter school movement is that deregulation and decentralized decisionmaking will stimulate more effective and innovative schools. But many who study charter schools question this assumption. Regulations may create barriers to change, they say, but a lack of resources, professional development, technical support, and access to research on best practices are often more formidable obstacles to stimulating better, more experimental schools. If regulations are, in fact, hindering school reform, they argue, streamline them for the whole system, rather than waiving them for only a small set of schools.

A 1995 study of innovation by Ronald Corwin and John Flaherty [19] found that 78 percent of 54 charter schools surveyed in California were experimenting with new instructional practices (use of technology, individual learning plans, etc.), as compared with three percent of 46 comparison public schools; 72 percent were implementing site-based governance, compared with 16 percent of public schools; and 67 percent adopted increased parent participation practices, compared with 14 percent of public schools. While these findings indicate greater innovation in charter schools, the study raises further questions: Do these practices constitute *innovation?* Are they necessarily a result of granting schools greater flexibility, or have they occurred for other reasons?

Approval and Appeal Processes. Research in California shows that schools least likely to get broad support for charter status are those seeking genuine independence from districts and local boards, as well as those starting from scratch.[20] Unions and school boards may oppose charter proposals that are not subject to collective bargaining agreements or that establish charter schools as independent legal entities outside a local school board's jurisdiction. Advocates believe that charters should be approved by a neutral body other than a local school board or an established education agency, and that an approving agency's decision should be subject to an appeals process through another body.

Some states require a percentage of teachers from the district to sign a petition to establish a charter school. Proponents believe that anyone, not just teachers within the district, should be able to sign a charter petition, including parent/community groups and institutes of higher education.

At-Risk Students and Equity. Some laws, such as California's, specify that the intent of charter schools is to increase learning opportunities for all students, particularly low-achieving students. But critics worry that, despite restrictions against selective admission practices, at-risk students will be excluded or have limited access to charter schools and information about them.

Early evidence on equity issues is somewhat mixed. A recent study of California charter schools shows that racial and ethnic minorities are comparably represented across charter schools and their comparison public schools.[21] The study also shows that charter schools serve a higher number of former dropout students and students once retained at grade level than do comparison public schools. On the other hand, charter schools, especially home schools,[22] tend to enroll fewer lower-income, special education and low-performing students. Students from higher socio-economic backgrounds are twice as likely to attend a charter school than a nearby public school.[23] The authors, however, warn that more research is needed to statistically confirm these findings.

Conclusion

Critics and advocates alike are watching closely to see whether this movement leads to more than a small set of "boutique" schools that cannot be replicated elsewhere. Especially important is whether these schools provide viable models for addressing one of education's most enduring challenges — significantly improving learning outcomes for all students.

Larger issues also rest on the success of these pioneering schools. The charter school concept is the culmination of several popular reform movements of the last decade — decentralization, deregulation, choice and privatization — many of which reflect free-market principles. At issue, therefore, is not just the success of a handful of schools, but an entire school of thought about *which* forces spark and sustain systemwide transformation in public education.

Charter School Contacts

Alaska	
Harry Gamble	(907) 465-2851
Arizona	
State Charter School Bd:	
Kathy Haas, Director	(602) 542-5091
State Board of Educ.:	
Corinne Velasquez	(602) 542-5057
California	
Dave Patterson	(916) 657-2516
Colorado	
Bill Windler	(303) 866-6631
Florida	
Mr. Tracy Bailey	(904) 413-9709
Georgia	
John Rhodes	(404) 657-7637
Hawaii	
Michael Heim	(808) 586-3288
Illinois	
Sally Vogl	(217) 782-0541
Kansas	
Rod Bieker	(913) 296-3204
Louisiana	
Bill Miller	(504) 342-3602
Massachusetts	
Paul Herdman	(617) 727-1313 x225
Michigan	
Gary Cass	(517) 373-4631
Minnesota	
William Allen	(612) 296-4213
Nevada	
Frank South	(702) 687-3136
New Mexico	
Michael Kaplan	(505) 827-6576
Wisconsin	
Tom Stefonek	(608) 266-5728
Wyoming	
Jim Lendino	(307) 777-6268

Notes

[1] States with charter school legislation in place by the end of 1995 are: AK, AR, AZ, CA, CO, DE, GA, HI, KS, LA, MA, MI, MN, NH, NM, RI, TX, WI, and WY. Some of the states in which charter school legislation was introduced but not passed include: NV, MO, IN, NC, CT, ID, OH, FL, OR, and IL.

Walsh, M. (1995, November 29). Declarations of independence. *Education Week*, p. 3-15; Pipho, C. (1995). The expected and the unexpected: Stateline. *Phi Delta Kappan*; Garcia, J. (1995, June 6). *The Dallas Morning News*; phone interviews with State Department officials.

[2] In accordance with the Improving America's Schools Act of 1994, the U.S. Department of Education awarded $5.4 million in grants to states (including California) or other eligible "developers" to support their public charter school programs.

Federal Register. (1995, May 9). Washington, DC: U.S. Government Printing Office.

[3] Of the 19 states that have passed charter school legislation, at least nine exempt participating schools from most state and district rules, usually with the exception of health, safety, civil rights and special education laws. Other states require schools to apply for rule-by-rule waivers or specify in their charter which rules they want to waive.

Bierlein, L.A., & Mulholland, L.A. (1994, September). *Comparing charter school laws: The issue of autonomy*. Tempe, AZ: Morrison Institute for Public Policy, School of Public Affairs, Arizona State University.

[4] Arizona and Minnesota allow nonsectarian private schools to participate in their charter school programs. A growing number of charter schools are co-operated by entrepreneur Chris Whittle's for-profit company, the Edison Project and by other private organizations that contract with schools or districts. Ten for-profit organizations submitted applications to operate Arizona charter schools in the Fall of 1996.

Mattern, H. (1995, December 7). Charter school plans change course. *Arizona Republic*, p. B1.

[5] Los Angeles Unified School District board was the first to revoke a charter on the grounds of low enrollment and mismanaged finances. The school was forced to close temporarily, giving its board of governors a chance to reorganize and reapply. A second charter was also formally withdrawn in California.

Schmidt, P. (1994, December 14). Citing debts, L.A. board revokes school's charter. *Education Week*, p. 3.

[6] A charter must first go to a district school board for approval. If it is denied approval, it may appeal to a county board of education.

[7] Wabnick, A. (1995, December 24). Chartering a new course. *Arizona Daily Star*, p. A1.

[8] Bierlein, L., & Bateman, M. (1995, November). Opposition forces and education reform: Will charter schools succeed? *Network News and Views*, pp. 48–58. [To appear in: DeMitchell, T., & Fossey, R. (1996). *Vain hopes and false promises: The failure of law-based school reform*. Lancaster, PA: Technomic Press]; Millot, MD (1995). *What are charter schools? An introduction to the concept and the statutes*. Washington, DC: Rand.

[9] Premack, E. (1995, Summer). *Making charter schools work*. Berkeley, CA: Institute for Policy Analysis and Research; Semple, M. (1995, August). Legal issues in charter schooling. *The School Administrator*; and California's Little Hoover Commission Working Groups, 1995.

[10] Bierlein, L., & Bateman, M. *Op cit.*

[11] Several national studies have found significant variance in the degree of autonomy awarded to charter schools by each state's legislation in terms of their independence from the district, governance and organization, and instructional practices.

General Accounting Office. (1995). *Charter schools: New model for public schools provides opportunities and challenges*. Washington, DC: Author; Bierlein, L., & Mulholland, L. (1994, February). *Charter school update: Expansion of a viable reform initiative*. Tempe, AZ: Morrison Institute on Public Policy.

[12] For example, some school boards have attached fiscal, curricular, and personnel provisions to charter applications as a prerequisite for approval.

[13] Bierlein, L., & Bateman, M. *Op cit.*

[14] Premack, E., & Diamond, L. (1994, January). *Charter school implementation challenges* (Discussion Paper #1). Berkeley, CA: BW Associates.

[15] Dianda, M.R., & Corwin, R.G. (1994). *Vision versus reality: A first-year look at California's charter schools*. Los Alamitos, CA: Southwest Regional Laboratory (SWRL).

[16] Gary, R. (1995, December 24). Most charter schools struggling with funding problems. *Arizona Daily Star*, p. A5.

[17] Mattern, H. (1995, December 7). Charter schools change course. *Arizona Republic*, p. B1.

[18] Wabnik, A. (1995, December 24). Chartering a New Course. *The Arizona Daily Star*, p. A4.

[19] Corwin, R.G., & Flaherty, J. (1995). *Freedom and innovation in California's charter schools*. Los Alamitos, CA: SWRL.

[20] Charter schools in large urban, as opposed to smaller rural, districts were more interested in real independence but least likely to gain approval from their local school board and support from their union.

Dianda, M.R., & Corwin, R.G. *Op cit.*

[21] Corwin, R.G., & Flaherty, J. *Op cit.*

[22] A "home school" charter school is one in which public funds are given to a group of individuals who wish to teach their children at home. Many supporters of home schooling view charter schools as a vehicle for expanding their movement.

[23] These statistics were more true for home schools and new, start-up schools and less true for charter schools converted from traditional public schools.

WestEd serves the four state region of Arizona, California, Nevada, and Utah, working with educators at all levels on school improvement. WestEd is a new agency that unites Far West Laboratory for Educational Research and Development with Southwest Regional Laboratory to better serve the education communities.

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730 Harrison Street
San Francisco, CA 94107
(415) 565-3000

This publication is supported by funds from the U. S. Department of Education, Office of Educational Research and Improvement, contract #400-86-0009. It does not necessarily reflect the views or policies of the Department of Education. Reprinting is encouraged with proper credit.